

**DEPARTMENT OF STATE REVENUE**

04980020.LOF

**LETTER OF FINDINGS NUMBER: 98-0020 ST**  
**Aircraft Registration, Excise Tax and Use Tax**  
**For the Period: July 15, 1996**

**NOTICE:** Under Indiana Code 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Departments official position concerning a specific issue.

**ISSUE(S)**

**I. Sales/Use Tax – Airplane**

Authority: IC 6-2.5-3-2; IC 6-6-6.5-1, IC 6-6-6.5-2, IC 6-8.1-5-1

**STATEMENT OF FACTS**

Taxpayer is an individual aircraft owner and used an aircraft owned by the WFC as a trade in. The Aeronautics Section of the Compliance Division denied the taxpayer the value of the traded aircraft as a reduction in sales price because the trade-in was not owned nor registered in taxpayer's name. In a letter dated July 25, 1996 the taxpayer was informed of the decision and advised to pay the balance due. On September 23, 1996 the Department's Legal Division received a letter from the taxpayer explaining the reasons for placing the new aircraft in its name instead of the corporation and that they intended to register the aircraft as such after the loan was paid.

**I. Sales/Use Tax - Airplane trade-in**

**DISCUSSION**

At issue is whether the taxpayer's airplane is subject to tax at the full price paid or whether the department will allow a trade-in registered to a corporation owned by the taxpayer.

In 1996 the taxpayers purchased the aircraft at issue and utilized an aircraft owned by their corporation as a trade-in in order to reduce the tax assessment. The department disallowed the trade-in as it was owned by a third party.

IC 6-2.5-1-6(c) states:

Notwithstanding subsection (a), a "like kind exchange" does not occur when;

(1) the transaction involves more than two (2) persons;

Taxpayers contend that they had planned to transfer the aircraft to the corporation after the loan was paid. On October 2, 1997 and December 1, 1997 the department's appeals analyst explained the aircrafts' taxability and advised the taxpayers that the file would be closed by December 15, 1997 if no further response was forthcoming.

The taxpayer was issued a letter dated October 2, 1997 itemizing the balance due and payable by October 27, 1997. No further response has been received. The trade in has been denied.

**FINDING**

The taxpayer's protest is denied.